
**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

XIONGEN JIAO, an individual, QIANJI JIAO, an individual, ZHONGHUA YI, an individual, PENGFEI ZHOU, an individual, XUAMEI ZHOU, an individual,

Plaintiffs,

vs.

NINGBO XU, an individual, and LCL COMPANY, LLC, a Texas Limited Liability Company,

Defendants,

and

DONGTAI INVESTMENT GROUP, LLC, a Texas Limited Liability Company,

Nominal Defendant.

Case No.: 4:19-CV-01848

Judge: Hon. Keith P. Ellison

FIRST INTERIM REPORT BY RECEIVER

TO THE HONORABLE JUDGE OF SAID COURT:

Ronald J. Sommers, herein makes his First Interim Report by Receiver and in support thereof:

1. Ronald J. Sommers was appointed receiver ("Receiver") of Dongtai Investment Group, LLC ("DIG") pursuant to an Order entered by the United States District Court for the Southern District of Texas, dated July 1, 2022.

2. The Receiver has received \$1,694,697.46 during the pendency of the Receivership. The Receiver has paid \$31,897.76 to the following entities during the pendency of the

Receivership:

PAYEE	AMOUNT
United States Treasury	\$129.00
United States Treasury	\$172.00
United States Treasury	\$301.00
United States Treasury	\$344.00
Proactive Legal Solutions	\$135.00
Proactive Legal Solutions	\$85.00
Fidelity National Financial, Inc.	\$285.32
United States Treasury	\$5,040.00
TPS-West, LLC (Accountant Fees)	\$25,406.44
TOTAL	\$31,897.76

3. Since the entry of the Order appointing the Receiver, the Receiver has taken possession of all funds on deposit and collected funds from Comptroller of Public Accounts, and United States Treasury. Additionally, the Receiver has closed all pre-existing bank accounts. The Receiver's bank account is located Veritex Bank, 2900 North Loop West, Suite 200 Houston TX 77092 and the current balance is \$1,662,799.70.

4. Based on information and belief, the Receiver does not believe there are any other assets owned by DIG other than a right to the Court's Declaratory Judgment, Abstract of Judgment, Contempt Order and Charging Order in cause number 4-19-CV-01848 against Ningbo Xu and LCL Company, LLC (*See* Dkt. 56 (Order granting Preliminary Injunction and Declaratory Judgment), 115 (Abstract of Judgment in the amount of \$1,304,400.80), 125 (Contempt Order),

136 (Turnover Order)). The Receiver has analyzed the possibility of continuing to pursue these Judgments and Orders directly on behalf of DIG and has found that doing so will likely not prove cost effective and/or the potential recoverable benefits to the estate will likely greatly exceed the costs of pursuing this relief. Moreover, as a solvent estate, the equity holders have a presumptive right to the remaining assets of the receivership. As a result, the Receiver intends to assign any and all rights that DIG holds to these Judgments, Orders and underlying claims against Ningbo Xu and LCL Company, LLC to the remaining members of DIG.

5. The books and records of DIG are currently in the possession of either the Administrator or Executor for the Probate Estate of Michael Udayan.

6. Currently DIG has no employees and is incurring no expenditures other than the administrative cost of the Receivership.¹

7. Prior to July 1, 2022, DIG had not filed its federal income tax returns for calendar years 2017, 2018, and 2019. Since July 1, 2022, Receiver filed federal income tax returns for calendar years 2017, 2018, 2019, 2020, 2021, and 2022.

8. The Receiver has investigated possible claims that DIG may hold against third parties including the insurance company providing coverage during Houston's freeze of February 2021. The Receiver has spoken to counsel for the insurance carrier and counsel for Michael Udayan regarding Udayan's deposition and sworn statement. The Receiver reviewed correspondence and documents regarding the insurance claim and based on the email correspondence from Michael Udayan to LW Houston VIII, LLC, the purchaser of the Crowne

¹ Administrative costs include, but are not limited to, the engagement of the accountants with TPS-West, LLC ("TW") and the Receiver's counsel, Nathan Sommers Jacobs, PC ("NSJ").

Plaza Hotel, the Receiver is of the opinion that no claim is owned by DIG against its insurance carrier.

9. With respect to the future direction of the receivership the Receiver will file an income tax return for calendar year 2023, file Articles of Dissolution for DIG, and after payment of administrative expenses pay any surplus to the members of DIG care of its counsel, Stacey Barnes.

10. Contemporaneous with this First Interim Report, Receiver has filed an Agreed Motion for Disbursement of Funds. Should this Court grant that Motion as requested, DIG's receivership account shall be as follows:

	AMOUNT
Receivership account balance as of May 31, 2023	\$1,694,697.46
Receiver's counsel fees and expenses through May 31, 2023	\$79,610.20
TPS-West LLC accountants fees and expenses through May 31, 2023	\$6,178.51
Receiver's fees and expenses through May 31, 2023	\$49,734.94
Allowed Claims	\$925,255.83
Remaining Balance	\$633,917.98

11. Upon granting Receiver's unopposed objections to Proofs of Claim Nos. 8 and 9 and the agreed settlement of Claim No. 12, only Claims No. 6 and 10 will remain undetermined. These claims, which are disputed, are made for a maximum combined amount of \$276,125.87. Thus, the remaining balance of the receivership account of \$633,917.98 should be sufficient to pay amounts due on these claims, if any, and any remaining Receivership and professional fees in full.

Respectfully submitted,

**NATHAN SOMMERS JACOBS
A PROFESSIONAL CORPORATION**

By: /s/ Iain L. C. Kennedy

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**ATTORNEYS FOR RONALD J. SOMMERS,
RECIEVER**

CERTIFICATE OF SERVICE

The undersigned certifies that on June 9, 2023, a true and correct copy of the foregoing was served electronically on all parties registered to receive electronic notice of filings in this case via this Court's ECF notification system. The undersigned further certifies that the foregoing was served upon all parties listed below no later than the next day after the filing of the foregoing.

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Natura A-R Janice Confer 6436 Babcock Rd. San Antonio, Texas 78249	Estate of Michael Udayan c/o Stephanie Clarke Davis, Court-appointed Temporary 3rd Party Dependent Administrator 1117 FM 359, Ste. 200 Richmond, Texas 77406
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/s/ Iain L.C. Kennedy

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